

Message Text

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ACTION XMB-01

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-03

FRB-01 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-02 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 FEA-01 AEC-05 CEA-01

DODE-00 FPC-01 H-01 INT-01 L-02 NSC-07 PM-03 SAM-01

SCI-03 SS-14 STR-01 PRS-01 DRC-01 /083 W

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R 072248Z OCT 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 2275

LIMITED OFFICIAL USE LIMA 8526

E.O. 11652: N/A

TAGS: ENRG, PE, AR

SUBJECT: ARGENTINES SIGN CONTRACT TO BUILD COASTAL PORTION OF
TRANS-ANDEAN PIPELINE

REF: LIMA 8389, 7814, 7416

1. ON OCTOBER 4 PETROPERU AND COFIDE, THE PERUVIAN STATE DEVELOPMENT CORPORATION, SIGNED A CONTRACT WITH THE ARGENTINE COMPANY TECHNIT FOR CONSTRUCTION OF STAGES 3 AND 4 OF THE TRANS-ANDEAN PIPELINE. STAGES 3 AND 4 COMPRISE THE PORTION OF THE PIPELINE BETWEEN MONTENEGRO, EAST OF BAGUA IN THE ANDES, AND THE COST TOWN OF BAYOVAR. THIS SECTION WILL CROSS THE ANDES AT THE "PASO DE PORCULLA" AT 2,145 METERS ABOVE SEA LEVEL AND CONTINUE DOWN THE WESTERN SLOPE OF THE ANDES AND THEN CROSS THE SECHURA DESERT BEFORE REACHING BAYOVAR.

2. THE CONTRACT CALLS FOR A LOAN FROM ARGENTINA FOR THE TOTAL AMOUNT OF \$60 MILLION. PETROPERU WILL REPAY THE CONTRACTORS 35 PERCENT IN SOLES AND THE REST IN U.S. DOLLARS. CREDIT WILL BE GRANTED BY THE NATIONAL DEVELOPMENT

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BANK OF ARGENTINA. THE CONTRACT WAS SIGNED BY GENERAL CARLOS

BOBBIO, GENERAL MANAGER OF PETROPERU, DR. PABLO STOSSEL
OF TECHNIT AND JOHN HARTLEY AND JAIME ARAOZ FOR COFIDE.

3. THE PERUVIAN GOVERNMENT GAZETTE , "EL PERUANO" CLAIMED
THAT THE SIGNING OF THIS CONTRACT ASSURES THE TOTAL FINANCING
FOR THE TRANS-ANDEAN PIPELINE, A FACT RECENTLY DENIED BY A
RANKING COFIDE OFFICIAL IN DISCUSSIONS WITH EMBASSY OFFICERS
(SEE LIMA 8389). THE ARGENTINE LOAN HAD BEEN ANTICIPATED BY
MOST OBSERVERS, AND COFIDE HAS, IN FACT, ADMITTED TO US THAT
THE AVAILABILITY OF ARGENTINE MONEY AT LESS THEN COMMERCIAL
RATES AND TERMS (SPECIFIC TERMS ARE NOT AVAILABLE) HAD A
SUBSTANTIAL INFLUENCE ON THE FINAL GOP DECISION TO CHOOSE
TECHNIT FOR THE CONSTRUCTION OF THE COASTAL AND ANDES PORTIONS
OF THE PIPELINE. ACCORDING TO U.S. OILMEN, THESE PORTIONS ARE
RELATIVELY "EASY" LOGISTICALLY, COMPARED TO THE TECHNICAL
PROBLEMS PRESENTED BY WORK IN THE PERUVIAN JUNGLE, PROBLEMS
WHICH THE WILLIAMS BROTHERS CONSORTIUM (SEE LIMA 7814) WILL
SOON BE FACING.
DEAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, PETROLEUM PIPELINES, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LIMA08526
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740284-0608
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741067/aaaacfnp.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LIMA 8389, 7814, 7416
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 20 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 SEP 2002 by WorrelSW>; APPROVED <03 MAR 2003 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARGENTINES SIGN CONTRACT TO BUILD COASTAL PORTION OF TRANS-ANDEAN PIPELINE
TAGS: ENRG, PE, AR, XMB, COFIDE, PETROPERU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005